

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7497

BILL NUMBER: SB 551

DATE PREPARED: Jan 17, 1999

BILL AMENDED:

SUBJECT: Drinking water and wastewater loans.

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FUNDS AFFECTED: **GENERAL**
 X **DEDICATED**
 X **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill allows any entity that is eligible to receive funds under the federal law concerning state water pollution control revolving loan funds to receive financial assistance from the Wastewater Revolving Loan Fund and the Supplemental Wastewater Assistance Fund. It also allows any entity that is eligible to receive funds under the federal law concerning state drinking water treatment revolving loan funds to receive financial assistance from the Drinking Water Revolving Loan Fund and the Supplemental Drinking Water Assistance Fund.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill allows any entity that is eligible to receive funds under the federal law concerning state water pollution control and drinking water treatment revolving loan funds to receive financial assistance from the Wastewater Revolving Loan Fund, the Supplemental Wastewater Assistance Fund, the Drinking Water Revolving Loan Fund, and the Supplemental Drinking Water Assistance Fund. This would expand eligibility for funding to include investor-owned water and wastewater utilities and private companies. It is estimated that \$40 to \$60 million in financial assistance is available from the Drinking Water and Wastewater Revolving Loan Funds each year. The actual amount of money loaned each year is dependent upon demand.

Explanation of State Revenues: If Indiana does not allow all entities that are eligible under federal funding to be eligible under the state program, the amount of money Indiana receives in capitalization grants from the U.S. Environmental Protection Agency (EPA) could be impacted. Money from the EPA and state matching funds are leveraged in the bond market. Money from the bonds is then used for loans. Indiana's appropriation from the EPA for the Drinking Water Revolving Loan Fund was approximately \$8.7 million in FY 98 and approximately \$9.3 million in FY 99. Indiana's appropriation for the Wastewater Revolving Loan Fund is not currently known. This information will be updated when it is received.

Explanation of Local Expenditures:

Explanation of Local Revenues: If investor-owned water and wastewater utilities and private companies become eligible for funding from the revolving loan funds, the amount of money available for political subdivisions could be impacted.

State Agencies Affected: State Budget Agency; Indiana Department of Environmental Management.

Local Agencies Affected: Political subdivisions

Information Sources: Dan Novreske, State Budget Agency, 233-5707.